



Monika NIEDZIÓŁKA

## ECONOMIC SECURITY ON RURAL AREAS

Monika **Niedziółka**, PhD – *University of Natural Sciences and Humanities in Siedlce*

Correspondence address:

Żytnia street 17/19, Siedlce, 08-110, Poland

e-mail: monika.niedziolka@uph.edu.pl

**ABSTRACT:** The problem of economic security is an interdisciplinary issue. The research of economic safety of spatial entities and economic entities is also included in this research. The purpose of this article is to bring together issues related to the economic security of rural areas and economic entities located in these areas. The study will define the economic security and determinants of this security, particularly in rural areas. Factors influencing the security of rural areas and entities operating there will be described.

**KEY WORDS:** economic security, rural areas

## Introduction

Safety is a lack of treats. It means that, as a matter of fact the state when we can feel completely safe doesn't exist. Nowadays, one thing we know for sure is that change is certain. It seems that in recent history it didn't occur so big unpredictability and asymmetry of safety like today. In this situation, only action of human, corporation or country should be taking measures to limit risk and get close to the state of safety.

Economic security is relatively balanced operating state of national economy, in which involved risk of imbalances maintains within designated and acceptable organizational and legal standards and principles of community life (Raczkowski, 2012, p. 81).

Economic security matters are usually considered in the context of national security. Meanwhile, it is also reasonable to consider safety at other levels of spatial arrangement of country but also in the other arrangements than just at the level of country, whilst bearing in mind that nation's safety determines safety of its citizens, companies and spatial units, but at the same time their security is a component of national security. There is constant feedback loop between corporation's safety and national safety, meaning that economic security of country determines security of companies located on its territory, being at the same time its function (Kuciński, 2015).

Economic security of undertakings means ability of undisturbed, stable, continuous, balanced, true to determined mission and targets doing business activities and at the same time economically efficient functioning of economic entitles. It must be constantly created, protected. The more complicated is economic activities conducted by undertaking concerned, the higher is its sensitivity to economic safety and gaining and maintaining it is more difficult. On the other side the bigger and economically stronger the business is, the bigger is its economic safety and ability to counteract external and internal dangers and unfavorable consequences for particular business (Kuciński, 2015, p. 9).

## Category of economic safety of rural areas

Ability to shape economic safety of enterprises also depends on what economic entitle is, how it is managed, but also where it is located. Characteristics of that place could promote safety of enterprise, but could also generate dangers (Kuciński, 2015, p. 9).

Both the rural areas in Poland and agricultural activity are special and specific especially when it comes to safety and risk of doing business in

certain localization. In recent years the concept of intermediary areas named also areas in large measure rural. It is an effect of on-going changes consisting of human migration and business activity from rural areas to cities and “reversed urbanization” meaning migration from urban areas to easy to reach rural areas. The result of these processes is more and more imbalanced economic progress in rural areas. This inequality isn’t beneficial in terms of safety. Since it requires using varied instruments and tools to provide and maintain safety.

Safety of rural areas can be perceived in three levels (Kuciński, 2017, p. 259) that is: manufacturing, social and ecological. Speaking of manufacturing level, we have in mind manufacturing balance consisting of maintenance natural, economic, institutional, social and technical conditions for conducting business and maintenance of dominant function of rural areas, that is agricultural activity. This function is still fundamental for these areas, mainly because of food safety of country, but nowadays is no longer only. Increasingly, rural areas are localization of non-agricultural activities and varied services.

In reference to social level (balance) it is important to adjust economic base to changing needs of rural society and new communities, for which rural areas are living space. On the one hand, this mean necessity to preserve and concern for regional cultural heritage, but on the other side creating conditions to attain standard and quality of living complied with modern requirements (e.g. development of communication and services accessibility, creation of social infrastructure, etc.).

Ecological balance (level) means non-interfering, economically efficient execution of economic and social functions of rural areas, but with due care and preservation of local resources. All three levels permeate, complete and affect each other and there is coupling between their elements.

## Determinants of ecological safety on rural areas

Security level is gradable concept. It is impossible to unequivocally define, whether the economy is growing fully safely. However, it is possible to determine the direction the economy is moving in aspect of economic safety and scale of the threat determining safety level (Piocha, 2001, p. 20). It requires to set and identify certain key factors which affect and create safety. Some of them have universal characteristics, some are specific to particular unit. In reference to rural areas, it is worth noting following conditions of safety:

- institutional (country, local and regional authorities, legal conditions of country, Union and foreign relations),

- social (migration, unified structure of employment, domination of agricultural activity, low level of education, ageing population, quality of functioning in region),
- technical (low level of basic infrastructure: communication, technical, informative and social),
- political (bigger than in the city opportunity to effect on local authorities on rural areas, a wide and significant electorate, managing, entrepreneurship, creativity),
- economical (production marketization, profit, cost-effectiveness and economic calculation as dominant criteria of economic activity, local investments, accessing Union funds),
- natural (huge environmental risk in economic activity).

Speaking of institutional conditions, it is important to remember that situation of rural areas and most of changes that are taking place on this area are connected with system changes and marketization of agricultural production, but also of the European Union. Economic politics pursued on rural areas must be consistent with UE requirements. On one side, this membership imposed many restrictions in Polish agriculture (quantitative, sanitary, epidemiological etcetera), but on the other side it enriched economy with new support instruments, which are financed from Union's budget. This whole situation demands from country activity, which will allow to use these funds in most efficient way. It is the task of a country, which significantly affects on economic safety level of rural areas, to create organizational and legal system, which allows for clear, readable, possible to plan in long time distance functioning of rural businesses. A practical example of this action is existing in Poland obligatory insurance system, which most significantly concerns agriculture. Based on the assumption that the highest risk in Polish agriculture concerns natural dangers and related material and personal damages, Polish country obliged farmers to insure their properties, crops and liability in relation to third parties for an unintentional act of farmers and their families (Niedziółka, 2016, p. 125-161).

Analysis of social conditions supposed to start with statement that drive of everything is always human. He could be chance or danger for safety of country, region or business. Rural areas are specific in terms of social structure. Too abundant workforce in agriculture, defective agrarian structure, shortage of non-agricultural workplaces, low work producibility, poor education of villagers are key problems of rural areas. Basic condition to their development is enriching structure of socio-economic function. Particular attention is paid to necessity of development of non-agricultural economic functions, that is services, touristic, housing, forestry, crafts, production and minor manufacture.

Among technical conditions it is worth to mention economic infrastructure. Location of enterprises on rural areas, less populated, worse equipped with technical infrastructure, reduce their competitiveness in regard to limited availability of potential collaborators, business environment institutions and outlet. Intensive changes are taking place on rural areas, especially in the area of technical infrastructure. In years 2005-2013 sewage line doubled (increased of 104%) in villages, amount of buildings connected to sewage system increased of 80%, waste segregation system was introduced, number of gas customers increased of 25% (whilst every fifth apartment in village is provide with gas from a network), length of water distribution system increased by more than 17% (92% village apartments have waterworks). Investments in communicative infrastructure are progressing much more slowly, but for that in recent years huge investments were made in social infrastructure (playgrounds, common rooms, community centers etcetera) (Wilkin, Nurzyńska, 2016). In rural areas dynamic progress of accessibility of informative infrastructure is observed, which certainly could become a chance to counteract the influence of unfavorable localization of rural undertakings. Unfavorable for various reasons conditions of the different locations reduce ability to compete with undertakings and spatial units what for sure lower their sense of security.

Conditions named political concern entrepreneurship, creativity, innovation and actual managing possibilities in reference to various entities of economic space. Today local conditions established by local and regional authorities are becoming increasingly important for safety of spatial units or economic entities. Decentralized management system creates huge opportunities for authorities to create safe operating conditions for their citizens and businesses. Taking actions aimed at creating safe functioning of country, regions, local units, businesses or citizens demands coordination and integration at all levels of management. Only then ensuring security of economic entities and society is possible. Increasingly importance for effectiveness of conducted policy is given to the commitment of authorities and local communities in her execution. An example can be creating energy safety, which is important component of economic safety. The country is responsible for providing energy safety, but more possibilities is observed on local level. Legal and organizational conditions are created to achieve that in most efficient way. The Law of 20 February 2015 on renewable energy sources is significant documentary in this regard. The amendment to this law was introduced, which introduces regulations fostering the development of scattered power industry aimed at creating local energy cooperatives – cooperatives and energy clusters. Public policy in favour to support for production of green energy is observed with so-called Energy Three Pack introduced as a change to Energy

Act in 2013. Amendment of previous law arrangements facilitates investment in renewable energy forces in Poland mainly by providing the conditions for microinstallations. This will enable local communities to make a greater commitment in creating their energy safety.

Economic determinants of safety concern primarily structure of business activity on rural areas. Nowadays agriculture is still dominant direction of activities on rural areas even though more and more it is noticed their multi-functional nature. Next to agriculture other non-agricultural types of activities performed by farmers or other villagers unconnected to agriculture or people from outside the village locating their assets in development of companies. Diversification of activities on rural areas on one side favours their safety, creates new chances, but from the other side creates new, unknown operating conditions. Previous lifestyle, dependent on agriculture on rural areas nowadays is not possible. Non-agricultural activity is performed with using resources of agriculture holdings and often is based on diversification of holdings. In recent 10 years 53 thousands of new workplaces unrelated with agriculture have been created. In fact, these outcomes aren't impressive in the area of creating new workplaces, but they initiate the process, which favours diversified local economy, less open economic cycles and bioeconomy.

Equally important changes are taking place in the composition of the income consisting of increasing proceeds from employed activity and non-profit work and reducing proceeds from agricultural work. Employed activity is main source of income for 27% of villagers (36% of people from the city) while self-employment which in the village includes mainly working in agricultural holding is the main source of income for 10% of villagers (5% of people from the city). Social benefits (retirement pension, disablement pension and benefit) are main source of income for 25% of villagers (28% of people from the city). Dependants represent 36% of villagers (29% of people from the city).

Two issues are associated with natural conditions, these are sustainable development and risks in agriculture. Original definition and meaning of sustainable development were about conservation of necessary natural resources for future generations. This means rational management without overexploitation, degradation and devastation. Nowadays category of sustainable development was widened by cultural, social, economic and spatial zone. However, its key area is environment and natural resources.

Agriculture activity like barely any of economic activity is associated with natural risks. Agriculture is the sector, in which dominates catastrophe risk. This risk is source of most serious and frequent losses in production. Furthermore, there are many categories of catastrophe risks causing serious

damages basically just in agriculture (drought, frost). Mass, reaching large areas damages having characteristics of natural disasters are dominant in agriculture (Klimkowski, 2002, p. 10). It's estimated, that financial results depend on weather in 80% types of all economic activities. However, strength of this correlation is biggest in agriculture. Furthermore, it is not limited to financial results. This causes that production risk is there particularly high and fluctuations in production results are bigger than in other branches of production (Wojciechowska-Lipka, 2002, p. 244). Equally relevant characteristic of agricultural production, which doesn't affect size of the risk, but affects severity of damages caused by natural disasters is need to consider timeliness and seasonality of economic processes meaning that individual production steps should be taken in established order and in specified period influenced by climatic factors.

Economic security depends on sector in which undertakings operate, whilst its sensitivity on safety issues is variable dependent on sector and localization. The more technologically and organizationally complicated is the economic activity, the higher is its sensibility on security and harder it is to achieve it and especially maintain in the long run. The more economically attractive is the localization of entity and the more external benefits it provides, the easier it is to achieve safety and maintain in time (Kuciński, Niedziółka, Trzcińska, 2015, p. 15).

## Conclusions

Economic security could be treated as risk function emerging in various layers of activities and at different stages. Defining risks could be compared to setting specific, critical control points, which should be constantly monitored (Kuciński, Trzcińska, 2015, p. 34). It is equally important to indicate safe development directions. This applies to both spatial units, but also economic entities and societies functioning on its area. Actual and most relevant elements, which affect on safety level of rural areas was indicated in this scientific description. Some of these factors have spontaneous character, forced by economic or social conditions, but most of them could be created in appropriate way and use to become an element, which improve safety of local unit, country, but also businesses and citizens. Undoubtedly, today major importance is given to entrepreneurship and creativity of local authorities, which besides proper and scrupulous fulfilling statutory obligations could take initiatives creating safe living and functioning conditions.

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